

Township of Manlius
Allegan County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2008

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8 - 9
Notes to financial statements	10 - 15
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	16-17
Fire Fund	18
Road Improvement Fund	19
Road Resurfacing Fund	20
Analysis of funding progress	21

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Manlius, Michigan**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Manlius, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Manlius, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Manlius, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 16 through 20 and the analysis of funding progress on page 21, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



1958-2008

Board of Trustees
Township of Manlius, Michigan
Page 2

The Township of Manlius, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Sigfried Crandall P.C.

July 28, 2008

BASIC FINANCIAL STATEMENTS

Township of Manlius
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,127,178
Receivables	<u>86,394</u>
Total current assets	<u>1,213,572</u>
Noncurrent assets:	
Capital assets not being depreciated	105,383
Capital assets, net of accumulated depreciation	<u>1,271,580</u>
Total noncurrent assets	<u>1,376,963</u>
Total assets	<u>2,590,535</u>
LIABILITIES	
Current liabilities - payables	<u>17,380</u>
NET ASSETS	
Invested in capital assets	1,376,963
Restricted for:	
Public Safety	205,270
Public Works	14,852
Unrestricted	<u>976,070</u>
Total net assets	<u>\$ 2,573,155</u>

See notes to financial statements

Township of Manlius
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net assets
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
Legislative	\$ 6,975	\$ -	\$ -	\$ -	\$ (6,975)
General government	175,453	5,983	-	-	(169,470)
Public safety	178,500	19,064	-	-	(159,436)
Public works	116,978	4,431	-	-	(112,547)
Health and welfare	6,930	-	-	-	(6,930)
Community and economic development	17,857	3,025	-	-	(14,832)
Culture and recreation	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>
Total governmental activities	<u>\$ 509,693</u>	<u>\$ 32,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(477,190)</u>
General revenues:					
Taxes					612,096
State grants					184,524
Franchise fees					1,119
Investment income					49,742
Other					<u>5,168</u>
Total general revenues					<u>852,649</u>
Change in net assets					375,459
Net assets - beginning					<u>2,197,696</u>
Net assets - ending					\$ 2,573,155

See notes to financial statements

Township of Manlius
BALANCE SHEET - governmental funds
 March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Road Improvement</u>
ASSETS			
Cash	\$ 907,056	\$ 205,270	\$ 14,852
Receivables	<u>86,394</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 993,450</u>	<u>\$ 205,270</u>	<u>\$ 14,852</u>
LIABILITIES AND FUND BALANCES			
Liabilities - payables	\$ 17,380	\$ -	\$ -
Fund balances	<u>976,070</u>	<u>205,270</u>	<u>14,852</u>
Total liabilities and fund balances	<u>\$ 993,450</u>	<u>\$ 205,270</u>	<u>\$ 14,852</u>

Total fund balances - total governmental funds

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Net assets of *governmental activities* (page 5)

<u>Road Resurfacing</u>	<u>Total governmental funds</u>
\$ -	\$ 1,127,178
<u>-</u>	<u>86,394</u>
<u>\$ -</u>	<u>\$ 1,213,572</u>
 \$ -	 \$ 17,380
 <u>-</u>	 <u>1,196,192</u>
<u>\$ -</u>	<u>\$ 1,213,572</u>
	 \$ 1,196,192
	 <u>1,376,963</u>
	<u>\$ 2,573,155</u>

See notes to financial statements

Township of Manlius**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds***Year ended March 31, 2008*

	<u>General</u>	<u>Fire</u>	<u>Road Improvement</u>
REVENUES			
Taxes	\$ 107,768	\$ 168,132	\$ 192,082
Licenses and permits	20,639	-	-
State grants	184,524	-	-
Charges for services	8,923	-	-
Interest and rentals	49,742	-	-
Other	9,228	-	-
	<u>380,824</u>	<u>168,132</u>	<u>192,082</u>
Total revenues			
	<u>380,824</u>	<u>168,132</u>	<u>192,082</u>
EXPENDITURES			
Legislative	6,975	-	-
General government	165,730	-	-
Public safety	18,217	160,283	-
Public works	10,078	-	177,230
Health and welfare	6,930	-	-
Community and economic development	17,857	-	-
Culture and recreation	7,000	-	-
Capital outlay	2,230	-	-
	<u>235,017</u>	<u>160,283</u>	<u>177,230</u>
Total expenditures			
	<u>235,017</u>	<u>160,283</u>	<u>177,230</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>145,807</u>	<u>7,849</u>	<u>14,852</u>
FUND BALANCES - BEGINNING	<u>830,263</u>	<u>197,421</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 976,070</u>	<u>\$ 205,270</u>	<u>\$ 14,852</u>

<u>Road Resurfacing</u>	<u>Total governmental funds</u>
\$ 144,114	\$ 612,096
-	20,639
-	184,524
-	8,923
-	49,742
-	9,228
<u>144,114</u>	<u>885,152</u>
-	6,975
-	165,730
-	178,500
144,114	331,422
-	6,930
-	17,857
-	7,000
-	2,230
<u>144,114</u>	<u>716,644</u>
<u>-</u>	<u>168,508</u>
<u>-</u>	<u>1,027,684</u>
<u>\$ -</u>	<u>\$ 1,196,192</u>

See notes to financial statements

Township of Manlius

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2008

	<i>Total governmental funds</i>
	<hr/>
Net change in fund balances - total governmental funds (page 8)	\$ 168,508
 Amounts reported for governmental activities in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities (page 6), the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays net of dispositions (\$273,712) exceeded depreciation (\$66,761) in the current period.	
	<hr/> 206,951
 Change in net assets of <i>governmental activities</i> (page 6)	 <hr/> <u>\$ 375,459</u>

See notes to financial statements

Township of Manlius
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Manlius, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Manlius
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township's fire protection functions. Revenues are primarily derived from property taxes.

The Road Improvement Fund accounts for the financial resources used for road maintenance projects in the Township. Revenues are primarily derived from property taxes.

The Road Resurfacing Fund accounts for the financial resources used for road resurfacing projects in the Township. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets (other than infrastructure) are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Township of Manlius
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

iii) Capital assets (continued) - Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	10 years
Roads	20 years

iv) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

v) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no budget variations.

NOTE 3 - CASH:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, \$728,076 of the Township's bank balances of \$1,128,076 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Manlius
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Inter- governmental</u>	<u>Accrued interest</u>	<u>Total</u>
General	\$ 2,984	\$ 44,448	\$ 28,300	\$ 10,662	\$ 86,394

All receivables are considered fully collectible, and are due within one year.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 105,383	\$ -	\$ -	\$ 105,383
Capital assets being depreciated:				
Buildings	94,031	-	-	94,031
Equipment	56,951	-	-	56,951
Infrastructure	1,052,511	273,712	-	1,326,223
Subtotal	1,203,493	273,712	-	1,477,205
Less accumulated depreciation for:				
Buildings	(28,647)	(2,583)	-	(31,230)
Equipment and vehicles	(25,775)	(4,910)	-	(30,685)
Infrastructure	(84,442)	(59,268)	-	(143,710)
Subtotal	(138,864)	(66,761)	-	(205,625)
Total capital assets being depreciated, net	1,064,629	206,951	-	1,271,580
Governmental activities capital assets, net	\$ 1,170,012	\$ 206,951	\$ -	\$ 1,376,963

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 7,493
Public works	59,268
Total governmental activities	\$ 66,761

Township of Manlius
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - PAYABLES:

Payables as of year end for the Township's individual major funds, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Other</u>	<u>Total</u>
General	\$ 4,560	\$ 5,834	\$ 6,986	\$ 17,380

NOTE 7 - JOINT VENTURES:

The Township provides fire protection services through contractual arrangements as follows:

Hamilton Area Fire Board:

The Township is a member of the Hamilton Area Fire Board (the Authority), which is a joint venture of the Townships of Manlius, Heath, and Fillmore. The Administrative Board of the Authority consists of members appointed by each participating unit and three non-voting members from the Hamilton Fire Department. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended March 31, 2008, the Township contributed \$110,328 as its proportionate share of the Authority's budgeted costs. Complete audited financial statements for the Authority can be obtained from the Clerk of the Township of Heath.

Fennville Area Fire Board:

The Township is a member of the Fennville Area Fire Board (the Authority), which is a joint venture of the Townships of Manlius and Clyde, and the City of Fennville. The Administrative Board of the Authority consists of members appointed by each participating unit. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended March 31, 2008, the Township contributed \$49,205 as its proportionate share of the Authority's budgeted costs. Complete audited financial statements for the Authority can be obtained from the Treasurer of the Fennville Fire Department.

NOTE 8 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2008 is as follows:

Revenues	\$ 19,064
Expenses	<u>(38,826)</u>
Deficiency of revenues over expenses	<u>\$ (19,762)</u>

Township of Manlius
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - DEFINED BENEFIT PENSION PLAN:

The Township's defined benefit pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Township's defined benefit pension plan is affiliated with the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for municipalities in Michigan. Public Act 220 of 1996 of the State of Michigan assigns the authority to establish and amend the benefit provisions to the Township. The MERS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 N. Canal, Lansing, Michigan 48917, or by calling 1-800-767-6377.

Funding policy:

MERS members may contribute from 0% to 10% of annual compensation. The Township is required to contribute at an actuarially determined rate; the current rate is 7.8% to 16.8% of annual covered payroll depending on the member contributions. The contribution requirements of plan members and the commission are established, and may be amended, by MERS.

Annual pension cost:

For the year ended March 31, 2008, the Township contributions were \$11,026, which were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2006. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) 8.0% long-term net investment rate of return and (b) projected salary increases of 4.5% per year. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Trend information:

<i>Fiscal year ended March 31:</i>	<i>Annual pension cost (APC)</i>	<i>Percentage of APC contributed</i>	<i>Net pension obligation</i>
2006	12,026	100%	-
2007	11,107	100%	-
2008	11,026	100%	-

REQUIRED SUPPLEMENTARY INFORMATION

Township of Manlius**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 126,000	\$ 126,000	\$ 107,768	\$ (18,232)
Licenses and permits	25,456	25,456	20,639	(4,817)
State grants	180,000	180,000	184,524	4,524
Charges for services	6,200	6,200	8,923	2,723
Interest and rentals	25,000	25,000	49,742	24,742
Other	5,620	5,620	9,228	3,608
Total revenues	<u>368,276</u>	<u>368,276</u>	<u>380,824</u>	<u>12,548</u>
EXPENDITURES				
Legislative	<u>8,000</u>	<u>8,000</u>	<u>6,975</u>	<u>1,025</u>
General government:				
Supervisor	19,175	19,175	18,583	592
Election	4,600	4,600	2,248	2,352
Assessor	23,400	23,400	21,106	2,294
Clerk	19,750	19,750	19,576	174
Board of Review	3,600	3,600	4,039	(439)
Treasurer	24,750	24,750	22,426	2,324
Hall and grounds	37,925	37,925	26,448	11,477
Cemetery	7,700	7,700	4,061	3,639
Other	<u>68,500</u>	<u>68,500</u>	<u>47,243</u>	<u>21,257</u>
Total general government	<u>209,400</u>	<u>209,400</u>	<u>165,730</u>	<u>43,670</u>
Public safety - building inspection	<u>40,000</u>	<u>40,000</u>	<u>18,217</u>	<u>21,783</u>
Public works:				
Street lights	6,000	6,000	6,632	(632)
Sanitation	3,000	3,000	3,371	(371)
Drains	<u>1,000</u>	<u>1,000</u>	<u>75</u>	<u>925</u>
Total public works	<u>10,000</u>	<u>10,000</u>	<u>10,078</u>	<u>(78)</u>

Township of Manlius**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Health and welfare - ambulance	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 6,930</u>	<u>\$ 4,070</u>
Community and economic development - planning and zoning	<u>40,300</u>	<u>40,300</u>	<u>17,857</u>	<u>22,443</u>
Culture and recreation - contribution to libraries	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>2,230</u>	<u>7,770</u>
Total expenditures	<u>335,700</u>	<u>335,700</u>	<u>235,017</u>	<u>100,683</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>32,576</u>	<u>32,576</u>	<u>145,807</u>	<u>113,231</u>
FUND BALANCES - BEGINNING	<u>830,263</u>	<u>830,263</u>	<u>830,263</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 862,839</u>	<u>\$ 862,839</u>	<u>\$ 976,070</u>	<u>\$ 113,231</u>

Township of Manlius
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 142,000	\$ 142,000	\$ 168,132	\$ 26,132
EXPENDITURES				
Public safety:				
Fire Board salary	1,000	1,000	750	250
Contracted services	135,000	160,000	159,533	467
Total expenditures	136,000	161,000	160,283	717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,000	(19,000)	7,849	26,849
FUND BALANCES - BEGINNING	197,421	197,421	197,421	-
FUND BALANCES - ENDING	<u>\$ 203,421</u>	<u>\$ 178,421</u>	<u>\$ 205,270</u>	<u>\$ 26,849</u>

Township of Manlius**BUDGETARY COMPARISON SCHEDULE - Road Improvement Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 180,000	\$ 180,000	\$ 192,082	\$ 12,082
EXPENDITURES				
Public works - highways and streets	<u>(180,000)</u>	<u>(180,000)</u>	<u>(177,230)</u>	<u>2,770</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	14,852	14,852
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,852</u>	<u>\$ 14,852</u>

Township of Manlius**BUDGETARY COMPARISON SCHEDULE - Road Resurfacing Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 120,000	\$ 146,000	\$ 144,114	\$ (1,886)
EXPENDITURES				
Public works - highways and streets	<u>(120,000)</u>	<u>(146,000)</u>	<u>(144,114)</u>	<u>1,886</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Township of Manlius**ANALYSIS OF FUNDING PROGRESS - Employee Retirement System
(Municipal Employees' Retirement System of Michigan)**

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the dates indicated.

<i>Actuarial valuation date December 31:</i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial accrued liability (AAL) entry age (b)</i>	<i>Underfunded (overfunded) AAL (UAAL) (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
2000	\$ 7,024	\$ 109,599	\$ 102,575	6%	\$ 68,438	150%
2001	21,982	130,288	108,306	17%	72,997	148%
2002	40,335	147,415	107,080	27%	75,095	143%
2003	63,552	181,722	118,170	35%	82,464	143%
2004	85,689	197,785	112,096	43%	84,346	133%
2005	111,168	247,175	136,007	45%	97,630	139%
2006	139,556	275,265	135,709	51%	100,101	136%
2007	169,233	286,106	116,873	59%	92,456	126%

July 28, 2008

To the Board of Trustees
Township of Manlius

We have audited the financial statements of the governmental activities , each major fund, and the aggregate remaining fund information of the Township of Manlius for the year ended March 31, 2008, and have issued our report thereon dated July 28, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Manlius are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Manlius during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



1958-2008

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Manlius's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Manlius as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Manlius's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Manlius and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.